



# Arkansas

## State Revenue Tax Quarterly

Mike Huckabee, Governor

Department of Finance & Administration Revenue Division

Richard A. Weiss, Director  
Tim Leathers, Commissioner

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### VOLUNTARY DISCLOSURE PROGRAM

The Nexus and Discovery Section is responsible for discovering and working with businesses that have established nexus with the State of Arkansas. Primary areas of concern deal with the proper registration of unregistered businesses for tax reporting and remitting purposes and the offering of Voluntary Disclosure opportunities. All tax types are involved in the review by this section.

The Department of Finance and Administration's ("Department's") Voluntary Disclosure Program is administered through the Nexus and Discovery Unit, which is part of the Office of Field Audit.

The Department's position on voluntary disclosures is determined by the individual fact pattern for each applicant. The following guidelines apply to voluntary disclosure applicants:

In order to be considered for the Voluntary Disclosure Program, contact for tax purposes by our Department must not have been made prior to the applicant initiating the disclosure process.

**Nexus Determination** – If nexus exists for Sales and Use Tax or Income Tax purposes, the Department will generally agree to limit prior period exposure to three (3) years or to

the date nexus was established, whichever is the lesser period.

If the taxpayer has been collecting sales taxes from customers and not remitting the tax, the Department will extend the prior period exposure to include periods for which this type of liabilities exists.

The Department will agree to waive all penalties provided the tax and interest due is paid once the total amount due is determined. Exceptions to this general rule include where a taxpayer has collected the tax from their customers but has not remitted this tax to the State. These cases will be reviewed on a case-by-case basis.

Voluntary Disclosure inquiries should be addressed to:

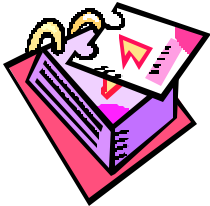
Nexus and Discovery Unit  
Joel Y. Ledbetter building  
18000 West 7th St., Room 1450  
P. O. Box 3215  
Little Rock, AR 72203-3215  
Email: [walter.anger@rev.state.ar.us](mailto:walter.anger@rev.state.ar.us)

A Nexus Questionnaire and Voluntary Disclosure Agreements for Sales Tax and Corporate Tax can be found on the website:

<http://www.arkansas.gov/dfa/taxes/salestax/>

# Update on Additional Services Subject to Tax Effective July 1, 2004

Reminder: Act 107 of the 2<sup>nd</sup> Extraordinary



Session of 2003 provides that Arkansas state, city, and county sales taxes are to be collected on certain services beginning July 1, 2004.

A public hearing was held on May 12, 2004, concerning Regulation 2004-1. The Regulation was reviewed by Legislative Council on June 3, 2004, and became effective July 1, 2004. The final version of this Regulation is available at the top of this page:

<http://www.arkansas.gov/dfa/taxes/salestax>

New Taxable Services Effective July 1, 2004:

Wrecker and Towing Service	Mini Warehouse and Self Storage Rental Services
Collection and Disposal of Solid Waste	Body Piercing, Tattooing, and Electrolysis
Cleaning Parking Lots and Gutters	Security and Alarm Monitoring Services
Dry Cleaning and Laundry Services	New Installation and Replacement Labor for Flooring
Industrial Laundry Services	Boat Storage and Docking Fees
Furnishing Campground Spaces or Trailer Spaces at Public or Privately Owned Campgrounds on Less than a Month-to-Month Basis	Pet Grooming and Kennel Services
Locksmith Services	Pest Control Services

Businesses were encouraged to submit their permit applications by May 1, 2004. The Sales and Use Tax Section processed ap-

proximately 3,500 new sales tax permit applications as a result of these new taxable services. If taxpayers experience any difficulties, they should call (501) 682-1895 for assistance.

## Taxpayer Assistance Office

Act 998 of 1991 created the Office of Problems Resolution and Taxpayer Information within the Revenue Division. This office employs three people:

Vicki James, Taxpayer Service Representative  
Jan Moore, Taxpayer Information Officer  
Linda Holmstrom, Problem Resolution Officer

It is responsibility of this office to assist taxpayers with tax problems, take prompt and appropriate action to resolve problems, respond to taxpayers, and publish the following DFA publications:

- *Arkansas State Revenue Tax Quarterly*
- *Helpful Telephone Numbers for Taxpayers*
- *Moving to Arkansas: General Information*
- *Starting a New Business: General Tax Information*
- *Tax Hearing & Appeals*
- *Taxpayer Bill of Rights*

All of the above publications are available at:  
[http://www.arkansas.gov/dfa/your\\_taxes.html](http://www.arkansas.gov/dfa/your_taxes.html)

The address for the Taxpayer Assistance Office is:

Taxpayer Assistance Office  
Ledbetter Building, Room 2460  
P. O. Box 1272  
Little Rock, AR 72203-1272  
Telephone: (501) 682-8871  
Facsimile: (501) 683-0066

## Revenue Legal Counsel: How to Request a Legal Opinion

If a taxpayer has a question concerning the taxability of a particular service or item, he can request a legal opinion from the Revenue Legal Counsel Office. The request should clearly state the issue(s) and be sent or emailed to:



Martha G. Hunt, Chief Counsel  
Revenue Legal Counsel  
Ledbetter Building, Room 2380  
P. O. Box 1272  
Little Rock, AR 72203-1272  
E-mail: [Martha.hunt@rev.state.ar.us](mailto:Martha.hunt@rev.state.ar.us)

The request is assigned to an attorney for a response, which usually takes approximately 30 days. The opinion will be based on the attorney's understanding of the facts as set out in your inquiry as those facts are governed by current Arkansas laws, rules, and regulations. The opinion is valid for three years and may be renewed, if requested.

Opinions will be mailed to the taxpayer. Opinions may be requested by a CPA for an unnamed client, but the opinion will not be binding unless the opinion letter is written to the taxpayer.

## April 15 Deadline for Income Tax Returns

The new April 15<sup>th</sup> deadline went well. Revenues were above projection because taxpayers' compliance was greater than originally forecasted.



The Income Tax Section received about 991,000 returns through April 15<sup>th</sup>, which are approximately 31,000 more returns compared to May 15, 2003.

## Standard Mileage Rate for 2004

A public hearing was held July 6, 2004, concerning Regulation 2004-2--"Standard Mileage Rate for Income Tax Purposes." The new regulation adjusts the amount taxpayers may claim on their 2004 state returns beginning January 1, 2004.

The optional standard mileage rate, for use by employees or self-employed individuals in computing the income tax deductible costs of operating passenger automobiles owned by them for business purposes, is thirty-seven and one half cents (37.5¢) per mile for expenses paid or incurred during the 2004 calendar year. (This figure was previously 36¢.)

The optional mileage rate for use by individuals in computing the income tax deductible costs of operating passenger automobiles owned by them for a charitable organization is fourteen cents (14¢) per mile.

The optional standard mileage rate allowed in computing the cost of operating a passenger automobile where transportation expenses are deductible as a medical or moving expense is fourteen cents (14¢) per mile. (This figure was previously 12¢.)

## Update on the Tax Amnesty Program

The Tax Amnesty Program began July 1, 2004. Taxpayers, who have failed to report a tax or who have underreported a tax, are filing amnesty applications in response to

advertisements in state-wide newspapers and brochures placed in all revenue offices. During the first week of amnesty, \$12,579.00 was collected and deposited into the Public Schools Facilities Fund.



Applications, along with the tax returns, must be submitted between July 1, 2004, and September 30, 2004, and the tax paid on or before **December 31, 2004**, in order to abate penalty and interest.

Amnesty applications can be filed on line from [www.arkansas.gov/dfa/amnesty.html](http://www.arkansas.gov/dfa/amnesty.html). Questions? Please call 501-682-7751 or 1-800-340-9509.

Internet Information	
Business and Personal Tax Page <a href="http://www.accessarkansas.org/dfa/taxes/index.html">http://www.accessarkansas.org/dfa/taxes/index.html</a>	
Telephone Information	
Corporate Income Tax	(501) 682-4775
Taxpayer Assistance for Individual Income Tax	(501) 682-1100 1-800-882-9275
Automated Refund Inquiry & Tele-tax Information	(501) 682-0200 1-800-438-1992
Sales and Use Tax	682-1895
Tax Amnesty	501-682-7751 1-800-340-9509
<b>IRS (Internal Revenue Service)</b> <a href="http://www.irs.gov">http://www.irs.gov</a> 1-(800) 829-1040	

CHANGES IN SALES & USE TAX				
Please Call (501) 682-7104 For Periodic Updates Regarding Local Sales and Use Taxes <a href="http://www.arkansas.gov/dfa/your_taxes.html">http://www.arkansas.gov/dfa/your_taxes.html</a>				
Name	Code	Effective Date	%	Recent Action
DeQueen	66-01	07/04	2.00	Increased from 1%

Rector	11-02	07/04	2.00	Increased from 1%
Fulton County	25-00	07/04	2%	Increased from 1.5%

# Calendar of Due Dates

07/14/04—Employee monthly W/H tax, for prior month (EFT filers only);  
 07/15/04—Employee monthly W/H tax, for prior month; Miscellaneous tax (except Severance taxes)  
 07/20/04—Sales & Use Tax  
 07/26/04—Motor fuel tax (except IFTA); Severance tax

08/02/04—IFTA  
 08/13/04—Employee monthly W/H tax, for prior month (EFT filers only)  
 08/16/04—Employee monthly W/H tax, for prior month; Miscellaneous tax (except Severance taxes)  
 08/20/04—Sales & Use Tax  
 08/25/04—Motor fuel tax (except IFTA); Severance tax

09/14/04—Employee monthly W/H tax, for prior month (EFT filers only); 3<sup>rd</sup> Qtr. estimated income tax (Based on calendar year filer) (EFT filers only)  
 09/15/04—Employee monthly W/H tax, for prior month; AR income tax returns (Cooperative association) (Based on calendar year filers; return due date 8 ½ months after end of tax year); 3<sup>rd</sup> Qtr. estimated income tax (Based on calendar year filer); Miscellaneous tax (except Severance taxes)  
 09/20/04—Sales & Use Tax  
 09/27/04—Motor fuel tax (except IFTA); Severance tax

**The Arkansas State Revenue Tax Quarterly** is a publication of the Taxpayer Assistance Office. The newsletter is produced and distributed electronically to tax professionals, businesses, and organizations operating in Arkansas. To be added to or deleted from the email list, contact Jan Moore, phone (501) 682-7751, send an e-mail to [jan.moore@rev.state.ar.us](mailto:jan.moore@rev.state.ar.us), or write to P. O. Box 1272, Ledbetter Building, Room 2460, Little Rock, Arkansas 72203-1272.